

SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]

HOUSE BILL NO. 1301

97TH GENERAL ASSEMBLY

5080H.01T

2014

AN ACT

To repeal sections 86.900 and 86.1220, RSMo, and to enact in lieu thereof two new sections relating to Kansas City police retirement systems.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 86.900 and 86.1220, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 86.900 and 86.1220, to read as follows:

86.900. The following words and phrases as used in sections 86.900 to 86.1280 shall have the following meanings unless a different meaning is plainly required by the context:

(1) "Accumulated contributions", the sum of all amounts deducted from the compensation of a member and paid to the retirement board, together with all amounts paid to the retirement board by a member or by a member's beneficiary, for the purchase of prior service credits or any other purpose permitted under sections 86.900 to 86.1280;

(2) "Actuarial cost", the present value of a future payment or series of payments as calculated by applying the actuarial assumptions established according to subsection 8 of section 86.1270;

(3) "Beneficiary", any person entitled, either currently or conditionally, to receive pension or other benefits provided in sections 86.900 to 86.1280;

(4) "Board of police commissioners", the board composed of police commissioners authorized by law to employ and manage an organized police force in the cities;

(5) "City" or "cities", any city which now has or may hereafter have a population of more than three hundred thousand and less than seven hundred thousand inhabitants, or any city that has made an election under section 86.910 to continue a police retirement system maintained under sections 86.900 to 86.1280;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 (6) "Compensation", the basic wage or salary paid a member for any period on the basis
19 of the member's rank and position, excluding bonuses, overtime pay, expense allowances, and
20 other extraordinary compensation; except that, notwithstanding such provision, compensation
21 for any year for any member shall not exceed the amount permitted to be taken into account
22 under Section 401(a)(17) of the Internal Revenue Code as applicable to such year;

23 (7) "Consultant", unless otherwise specifically defined, a person retained by the
24 retirement system as a special consultant on the problems of retirement, aging and related matters
25 who, upon request of the retirement board, shall give opinions and be available to give opinions
26 in writing or orally in response to such requests, as may be needed by the board;

27 (8) "Creditable service", service qualifying as a determinant of a member's pension or
28 other benefit under sections 86.900 to 86.1280 by meeting the requirements specified in said
29 sections or section 105.691;

30 (9) "Final compensation":

31 (a) For a Tier I member as described in subdivision (13) of this section, the average
32 annual compensation of a member during the member's service if less than two years, or the
33 twenty-four months of service for which the member received the highest salary whether
34 consecutive or otherwise. In computing the average annual compensation of a member,
35 compensation shall only be included for the periods in which the member made contributions
36 as provided under section 86.1010 except as provided in subsection 3 of section [86.110]
37 **86.1110;**

38 (b) For a Tier II member as described in subdivision (13) of this section, the average
39 annual compensation of a member during the member's service if less than three years, or the
40 thirty-six months of service for which the member received the highest salary whether
41 consecutive or otherwise. In computing the average annual compensation of a member,
42 compensation shall only be included for the periods in which the member made contributions
43 as provided under section 86.1010 except as provided in subsection 3 of section [86.110]
44 **86.1110;**

45 (c) For any period of time when a member is paid on a frequency other than monthly,
46 the member's salary for such period shall be deemed to be the monthly equivalent of the
47 member's annual rate of compensation for such period;

48 (10) "Fiscal year", for the retirement system, the fiscal year of the cities;

49 (11) "Internal Revenue Code", the United States Internal Revenue Code of 1986, as
50 amended;

51 (12) "Medical board", not less than one nor more than three physicians appointed by the
52 retirement board to arrange for and conduct medical examinations as directed by the retirement
53 board;

54 (13) "Member", a member of the police retirement system as described in section
55 86.1090;

56 (a) "Tier I member", any person who became a member prior to August 28, 2013, and
57 who remains a member on August 28, 2013, shall remain a Tier I member until such member's
58 membership is terminated as described in section 86.1130;

59 (b) "Tier I surviving spouse", the surviving spouse of a Tier I member;

60 (c) "Tier II member", any person who became a member on or after August 28, 2013;

61 (d) "Tier II surviving spouse", the surviving spouse of a Tier II member;

62 (e) Any person whose membership is terminated as described in section 86.1130 and
63 who reenters membership on or after August 28, 2013, shall become a member under paragraph
64 (c) of this subdivision;

65 (14) "Pension", annual payments for life, payable monthly, at the times described in
66 section 86.1030;

67 (15) "Pension fund", the fund resulting from contributions made thereto by the cities
68 affected by sections 86.900 to 86.1280 and by the members of the police retirement system;

69 (16) "Police officer", an officer or member of the police department of the cities
70 employed for compensation by the boards of police commissioners of the cities for police duty
71 who holds a rank or position for which an annual salary range is provided in section 84.480 or
72 84.510; in case of dispute as to whether any person is a police officer qualified for membership
73 in the retirement system, the decision of the board of police commissioners shall be final;

74 (17) "Retirement board" or "board", the board provided in section 86.920 to administer
75 the retirement system;

76 (18) "Retirement system", the police retirement system of the cities as defined in section
77 86.910;

78 (19) "Surviving spouse", when determining whether a person is entitled to benefits under
79 sections 86.900 to 86.1280 by reason of surviving a member, shall include only:

80 (a) A person who was married to a member at the time of the member's death in the line
81 of duty or from an occupational disease arising out of and in the course of the member's
82 employment and who had not, after the member's death and prior to August 28, 2000, remarried;

83 (b) With respect to a member who retired or died prior to August 28, 1997, a spouse who
84 survives such member, whose marriage to such member occurred at least two years before the
85 member's retirement or at least two years before the member's death while in service, and who
86 had not remarried anyone other than the member prior to August 28, 2000;

87 (c) With respect to a member who retired or died while in service after August 28, 1997,
88 and before August 28, 2000, a spouse who survives such member, was married to such member

89 at the time of such member's retirement or of such member's death while in service, and had not,
90 after the member's death and prior to August 28, 2000, remarried; and

91 (d) With respect to a member who retires or dies in service after August 28, 2000, a
92 spouse who survives a member and was married to such member at the time of such member's
93 retirement or death while in service.

86.1220. 1. Provided that the retirement system shall remain actuarially sound, each of
2 the following persons may receive, in addition to such person's base pension, a cost-of-living
3 adjustment in an amount not to exceed three percent of such person's base pension during any
4 one year:

5 (1) Every Tier I member who is retired and receiving a base pension from the retirement
6 system; and

7 (2) Every Tier I surviving spouse who is receiving a base pension from the retirement
8 system.

9 2. Provided that the retirement system shall remain actuarially sound, each of the
10 following persons may receive, in addition to such person's base pension, a cost-of-living
11 adjustment in an amount not to exceed three percent of such person's base pension during any
12 one year as follows:

13 (1) Every Tier II member who retired with at least thirty-two years of creditable service
14 shall be eligible in the year following retirement; and

15 (2) Every Tier II member who retired under subsection 1 of section 86.1151 with less
16 than thirty-two years of creditable service shall be eligible in the year following the year in which
17 they would have attained thirty-two years of creditable service had such member remained in
18 active service; and

19 (3) Every Tier II member who retired under section **86.1180** shall be eligible in the year
20 following retirement; and

21 (4) Every Tier II member who retired under section 86.1200 shall be eligible in the
22 earlier of the year following the fifth year after retirement or the year following the year in which
23 they would have attained thirty-two years of creditable service had such member remained in
24 active service; and

25 (5) Every Tier II member who retired under subsection 3 of section 86.1151 shall be
26 eligible in the year following the fifth year after retirement; and

27 (6) (a) Every Tier II surviving spouse of a member who, at the member's death, was
28 receiving benefits including cost-of-living adjustments shall be eligible in the year following the
29 most recent year when the decedent received a cost-of-living adjustment; and

30 (b) Every Tier II surviving spouse of a member who, at the member's death, was
31 receiving benefits but who was not yet eligible for cost-of-living adjustments shall be eligible

32 in the year when the decedent member would have become eligible had such decedent survived;
33 and

34 (c) Every Tier II surviving spouse entitled to the benefit provided in subsection 1 of
35 section 86.1260 shall be eligible in the year following the year of the member's death; and

36 (d) Every Tier II surviving spouse of a member who died with less than twenty-seven
37 years of creditable service, entitled to benefits provided in subsection 1 of section 86.1240, and
38 who is not eligible for the benefit provided in subsection 1 of section 86.1260, shall be eligible
39 in the year following the fifth year after the member's death; and

40 (e) Every Tier II surviving spouse of a member who died with twenty-seven or more
41 years of creditable service, entitled to benefits provided in subsection 1 of section 86.1240, and
42 who is not eligible for the benefit provided in subsection 1 of section 86.1260, shall be eligible
43 the later of the year following the year of the member's death or the year following the year in
44 which the member would have attained thirty-two years of creditable service had such member
45 remained in active service.

46 3. Provided that the retirement system shall remain actuarially sound, every child who,
47 under subsection 2 of section 86.1250, is receiving the benefit, or a portion thereof, which would
48 be payable to a surviving spouse of the member who was such child's parent, may receive each
49 year such cost-of-living adjustment on such benefit as would have been payable on such benefit,
50 or portion thereof, to such surviving spouse if living.

51 4. Upon the death of a Tier I member who has been retired and receiving a pension and
52 who dies after September 28, 1987, the surviving spouse of such member entitled to receive a
53 base pension under section 86.1240 or children of such member entitled to receive a base
54 pension under subsection 2 of section 86.1250 shall receive an immediate percentage
55 cost-of-living adjustment to their respective base pension equal to the total percentage
56 cost-of-living adjustments received during such member's lifetime under this section, except that
57 the adjustment provided by this subsection shall not be made to a base pension calculated under
58 either subdivision (1) or paragraph (b) of subdivision (2) of subsection 2 of section 86.1240,
59 either for a surviving spouse or for a child or children entitled to a base pension measured by the
60 pension to which a qualified surviving spouse would be entitled, wherein such base pension is
61 determined by a percentage of the amount being received by the deceased member at death.

62 5. Upon the death of a Tier II member who has been retired and receiving a pension, the
63 surviving spouse of such member entitled to receive a base pension under section 86.1240 or
64 children of such member entitled to receive a base pension under subsection 2 of section 86.1250
65 shall receive an immediate percentage cost-of-living adjustment to their respective base pension
66 equal to the total percentage cost-of-living adjustments received during such member's lifetime
67 under this section, except that the adjustment provided by this subsection shall not apply for any

68 surviving spouse, or for a child or children entitled to benefits which would be received by a
69 qualified surviving spouse, receiving a benefit pursuant to an election made under subdivision
70 (1) of subsection 2 of section 86.1151.

71 6. For purposes of this section, the term "base pension" shall mean:

72 (1) For a member, the pension computed under the provisions of the law as of the date
73 of retirement without regard to cost-of-living adjustments, as adjusted, if applicable, for any
74 election made under subdivision (1) of subsection 2 of section 86.1151 or section 86.1210, but
75 in all events not including any supplemental benefit under section 86.1230 or section 86.1231;

76 (2) For a surviving spouse, the base pension calculated for such spouse in accordance
77 with the provisions of section 86.1240 or subdivision (3) of subsection 2 of section 86.1151,
78 including any compensation as a consultant to which such surviving spouse is entitled under said
79 section in lieu of a pension thereunder, but not including any supplemental benefit under section
80 86.1230 or section 86.1231; and

81 (3) For a member's surviving child who is entitled to receive part or all of the pension
82 which would be received by the surviving spouse, if living, the base pension calculated for such
83 surviving spouse in accordance with the provisions of section 86.1240 or subdivision (3) of
84 subsection 2 of section 86.1151, including any compensation as a consultant to which such
85 spouse would be entitled under said section, if living, divided by the number of surviving
86 children entitled to share in such pension under subsection 2 of section 86.1250.

87 7. The cost-of-living adjustment shall be an increase or decrease computed on the base
88 pension amount by the retirement board in an amount that the board, in its discretion, determines
89 to be satisfactory, but in no event shall the adjustment be more than three percent or reduce the
90 pension to an amount less than the base pension. In determining and granting the cost-of-living
91 adjustments, the retirement board shall adopt such rules and regulations as may be necessary to
92 effectuate the purposes of this section, including provisions for the manner of computation of
93 such adjustments and the effective dates thereof. The retirement board shall provide for such
94 adjustments to be determined once each year and granted on a date or dates to be chosen by the
95 board, and may apply such adjustments in full to eligible members as provided in subsections
96 1 and 2 of this section who have retired during the year prior to such adjustments but who have
97 not been retired for one full year and to the surviving spouse or applicable children of a member
98 who has died during the year prior to such adjustments.

99 8. The determination of whether the retirement system will remain actuarially sound
100 shall be made at the time any cost-of-living adjustment is granted. If at any time the retirement
101 system ceases to be actuarially sound, pension payments shall continue as adjusted by increases
102 theretofore granted. A member of the retirement board shall have no personal liability for
103 granting increases under this section if that retirement board member in good faith relied and

104 acted upon advice of a qualified actuary that the retirement system would remain actuarially
105 sound.

106 9. If any benefit under subsection 1 of section 86.1250 on August 27, 2005, would be
107 reduced by application of this section, such benefit shall continue thereafter without reduction,
108 but any benefit so continued shall terminate at the time prescribed in subsection 1 of section
109 86.1250.

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